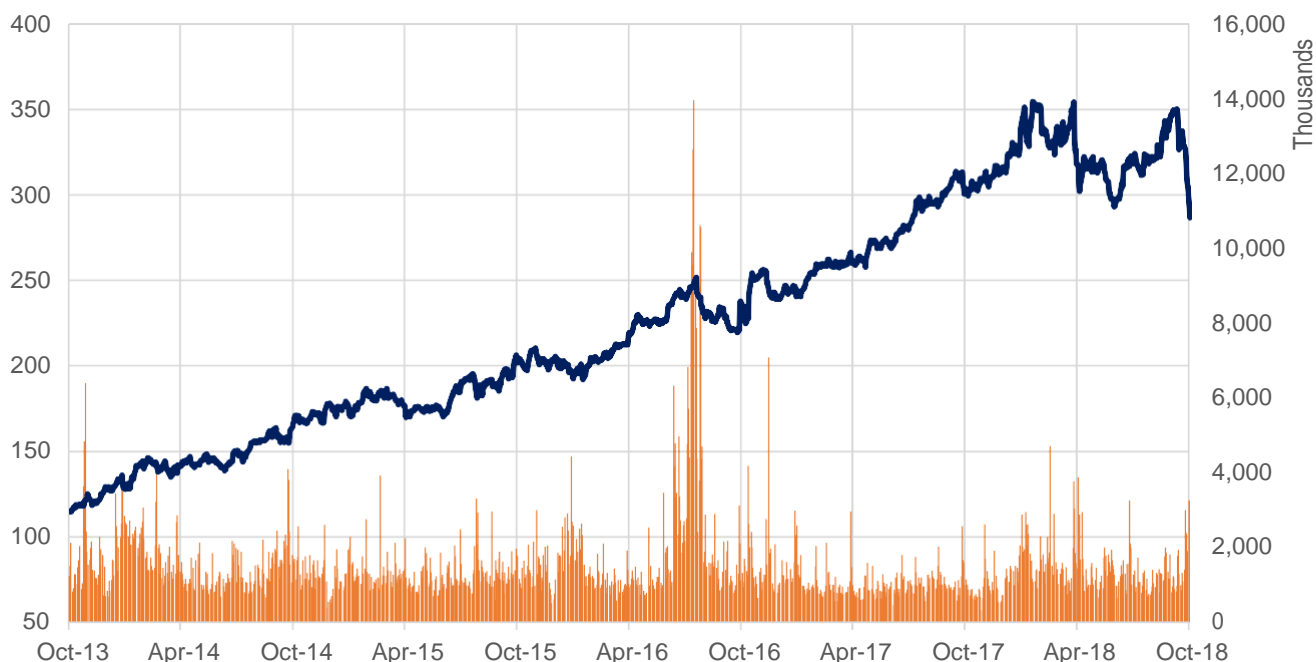


Lockhead Martin Company



Ticker: LMT

Beta: 0.81

Market: NYSE

P/E Ratio: 27.83

Previous Close: 306.41

EPS: 17.22

52-week Range: 291.51-363

Dividend Yield: 2.74%

Avg. Volume: 1,242,532

1y Return: -0.96%

Market Cap: 86.76B

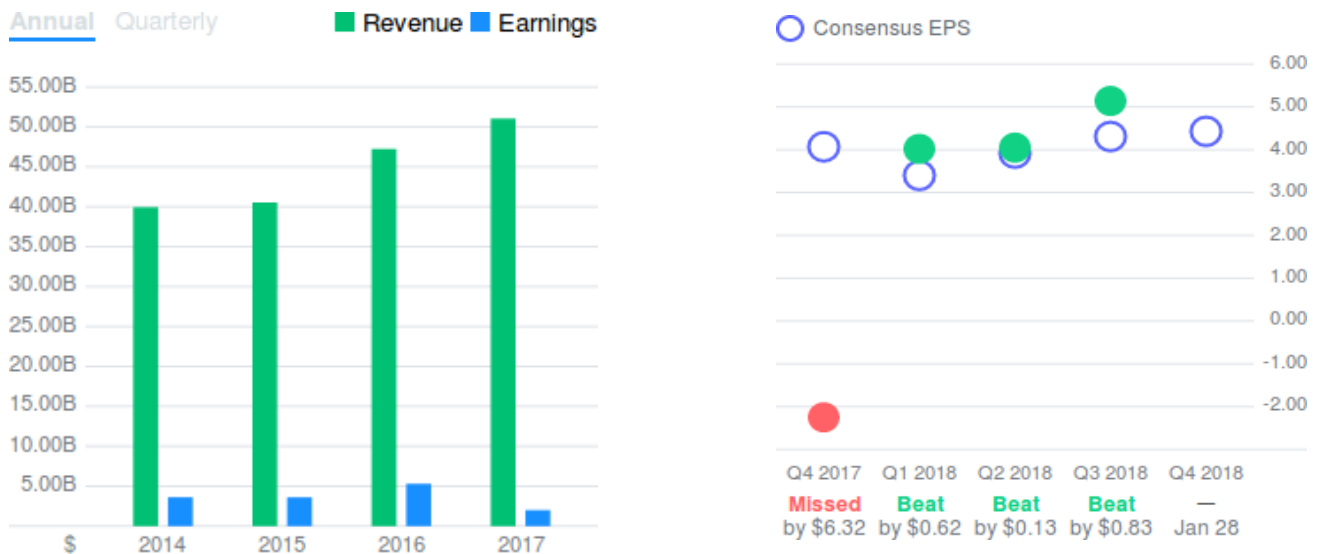
1y Target Est: 378.00

Lockheed Martin Corporation, a security and aerospace company, engages in the research, design, development, manufacture, integration, and sustainment of technology systems, products, and services worldwide. It operates through four segments: Aeronautics, Missiles and Fire Control (MFC), Rotary and Mission Systems (RMS), and Space. The Aeronautics segment offers combat and air mobility aircraft, unmanned air vehicles, and related technologies. The MFC segment provides air and missile defense systems; tactical missiles and air-to-ground precision strike weapon systems; logistics; fire control systems; mission operations support, readiness, engineering support, and integration services; manned and unmanned ground vehicles; and energy management solutions. The RMS segment offers military and commercial helicopters; ship and submarine mission and combat systems; mission systems and sensors for rotary and fixed-wing aircraft; sea and land-based missile defense systems; radar systems; the Littoral combat ship; simulation and training services; and unmanned systems and technologies. It also supports government customers in cybersecurity; and delivers communications, and command and control capabilities through mission solutions for defense applications. The Space segment provides satellites, strategic and defensive missile systems, and space transportation systems; and classified systems and services in support of national security systems. This segment also offers network-enabled situational awareness services; and integrates space and ground-based systems to help its customers gather, analyze, and securely distribute critical intelligence data.

The main case for Lockheed Martin that it's a weapon manufacturer and as such is highly dependent on defense spending which has seen a rising trends recently, not just in the US, but also abroad. This year Congress approved increased budget for 2019 at 674 billion dollars which also includes 93 new F-35 fighters, one of the Lockheed Martin's main product. This trend can also be seen with other NATO members since Trump started to force members to honor the requirements for defense budget of 2% of GDP. Such recent example is Belgium which decided to buy 34 F-35 fighter jets in a deal worth 4.55 billion dollars.

Also the strong case for LMT is its resilience to current USA–China trade war which has hit many stocks. Since Lockheed Martin mostly does business with US government, it doesn't need to worry about the US trade relations.





Source: Yahoo Finance

Company has seen steady revenue growth since 2015 and looking at the business environment and the news this year, we can expect this trend to continue in both 2018 and 2019. LMT has beaten earnings estimates for all quarters this year which seem to point out to a better year than expected. Net income has seen a drop in 2017, but that's due to increase in R&D spending. This trend should reverse in the coming years with the expected increase in revenue.

Company	2017		
	EV/Sales	EV/EBITDA	P/E
Boeing	2.03x	15.71x	20.98x
Northrop	2.36x	15.68x	17.20x
Raytheon	2.19x	12.19x	20.63x
General dynamics	2.01x	13.89x	16.62x
Safran	2.70x	17.55x	22.78x
Median	2.19x	15.68x	20.63x
Lockheed Martin	2.08x	13.76x	27.83x

Lockheed Martin is currently trading at high price to earnings ratio of 27.83x compared to its peers, but the EV/EBITDA, which is more commonly used multiple for manufacturers, is the second lowest.

With a dividend yield of 2.74%, LMT is not a stock for a more passive investor looking for a high dividend yield, but it still is a stable company with expected growth in coming years fueled by increase in defense spending and number of orders. Stock has seen a drop last few days so it would be wise to wait, but it should provide value for those looking for a mature company with a moderate growth and safety from a current geopolitical situation.



About Financijski klub

Financijski klub (the Financial Club) is a specialized student association which aims to provide its members with additional financial education. That being our core business, we organize different projects, lectures, workshops and numerous other social events. The Club has been active since 2005, and is situated at the Faculty of Economics and Business of the University of Zagreb.

With our ongoing activities we have established a significant role within the finance oriented academic population. Through the years, our work has been recognized with numerous Dean's and Rector's Awards, and our members with internships and jobs at leading companies. Our most recent highlight has been the award for outstanding contribution to financial markets education, awarded by the Zagreb Stock Exchange in 2013.

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